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Australia

Grain and Feed

Grain Update - May Lockup 2003

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Report Highlights:

Drought conditions that have plagued Australia for 2002 and into early 2003 appear to be dissipating in major grain producing areas. However, rainfall to date has been patchy, with large parts of the country still struggling with below normal precipitation. The area planted to winter crops is currently projected to rise substantially and crop yields are expected to return to more normal levels in the 2003 season. However, without more widespread precipitation, production prospects for the winter grain crop will likely begin to deteriorate from the levels currently projected.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Canberra [AS1], AS

Rainfall Developments

Drought conditions that have plagued Australia for 2002 and into early 2003 appear to be dissipating in major parts of the country's grain producing areas. Moderate to heavy rainfall was received in northeastern Australia in April, notably in parts of northern NSW, the Darling Downs area of southeastern Queensland and in central Queensland. This precipitation has allowed late sown summer grain crops (sorghum and corn) to finish strongly and has provided excellent soil moisture conditions in anticipation of planting winter crops (e.g., wheat, barley, canola) in these areas. Earlier sown summer crops did not benefit from these April rains. The recent precipitation has caused some delay to the early sown summer crop harvest.

Southern winter grain producing areas have received below average rainfall for the month of April and drought conditions still persist across a large part of this region, including southern NSW, western Victoria, and much of South Australia. Grain farmers in this region are now awaiting rains in the critical May planting period, which is traditionally the peak planting period for winter grain in this region. Western Australia appears to have returned to more normal precipitation levels. Peak winter grain planting in Western Australia normally occurs in June. Precipitation received in the summer cropping areas of northern NSW and in Queensland have provided excellent soil moisture conditions for planting of winter grains. Central Queensland is the only area in Australia where large scale planting has already taken place.

Results from the 2002/03 Summer Crop Season

Post's estimate for sorghum production in 2003/04 remains at 1.0 MMT, unchanged from the previous report (AS3006, 3/10/03), but sharply lower than the 2.123 MMT produced in 2002/03. Late planted sorghum crops in central Queensland have benefitted greatly from rains in April, with soil moisture now sufficient to finish crops in many areas. Earlier planted sorghum crops in northern NSW and southern Queensland received rain too late, reducing yields and causing some farmers to abandon crops.

Post's rough rice production estimate for 2003/04 also remains unchanged at 400 TMT, but represents a sharply lower output than the 1.274 MMT produced in 2002/03. Industry sources report that, to date, producers have delivered nearly 300 TMT of rice. The rice harvest is expected to be complete by the middle of May. Shortages of irrigation water, and reduced water allocations, caused a sharp drop in rice area in 2003/04. Excellent rice yields are being reported by producers in parts of the major rice growing area of NSW.

Prospects for the 2003 Winter Crop Season

More normal precipitation in many growing areas beginning in February has been very beneficial and is providing a somewhat upbeat start to the season. However, rainfall to date has been patchy, with large parts of the country still struggling with below normal precipitation and a continuation of the very dry conditions that have persisted for more than one year. The later part of the month of April traditionally signifies the "start" to the winter cropping season. To date, however, precipitation has still not been sufficient to allow large scale planting to begin.

The area planted to winter crops is currently projected to rise substantially and crop yields are expected to return to more normal levels in the 2003 season. However, without more widespread precipitation, production prospects for the winter crop will likely begin to deteriorate from the levels currently projected. Traditionally, the bulk of the winter grain crop is sown in May and June. If more widespread rainfall is not received in May, the area currently projected to be planted to grain during the winter season will likely decline.

The following table represents production projections for Australia's major 2003 winter crops, compared to the corresponding 2002 estimates (in thousand metric tons).

Winter Crop	2002	2003	% change
Wheat	10,000	24,000	+140
Barley	3,500	6,635	+90
Oats	725	1,317	+82
Triticale	269	527	+96
Lupins	537	1,433	+167
Canola	621	2,025	+226

Source: Wheat and barley production figures are FAS/Australia; the remainder are from ABARE.

Wheat Export Pace Slows

Australia's wheat export pace continues to fall, reflecting reduced availabilities from the drought-reduced 2002/03 harvest. Monthly export volume for January and February 2003 has averaged about 700,000 MT, about one-half the quantity exported monthly during the same period in 2002.

Australia's total MY 2002/03 (Oct-Sept) wheat exports are projected at 7.9 MMT, down from the 16.3 MMT exported in 2001/02. Wheat exports for MY 2003/04 are projected to rise to 15.9 MMT, in step with the sharp increase in forecast wheat production.

Next ABARE Crop Report

Australia's Bureau of Agriculture and Resource Economics (ABARE) is due to revise its February 2003 crop figures on June 10, 2003.